

Making College More Affordable With the Single Largest Increase in College Aid Since the GI Bill

The College Cost Reduction Act of 2007, passed by the House on July 11 by a vote of 273-149, will provide **the single largest increase in college aid since the GI bill**. And it will do so **at no new cost to taxpayers**, by cutting excess subsidies paid by the federal government to lenders in the student loan industry. 6.8 million students who take out need-based federal student loans each year would see the interest rates on their loans halved over the next five years, saving the typical borrower (with \$13,800 in need-based loan debt) \$4,400 over the life the loan, once fully implemented. The bill also provides a significant boost in Pell Grant scholarships, provides special assistance for the college costs of people who go into public service careers, like nurses, police, firefighters, and first responders, makes loan payments more manageable, and gives upfront tuition assistance to students who commit to teaching in high-need public schools. Earlier, on January 17, the House passed the College Student Relief Act of 2007 by 356-71, which also would have cut the interest rates on subsidized student loans in half -- from the current 6.8 percent to 3.4 percent.



Cutting Interest Rates in Half: Phase-In Schedule

**All interest rate changes will take place in July 1 of each year*

2007	2008	2009	2010	2011
6.12	5.44	4.76	4.08	3.40